

UNITED STATES DEPARTMENT OF STATE  
BUREAU OF POLITICAL-MILITARY AFFAIRS  
WASHINGTON, D.C. 20520

In the Matter of:  
  
THE BOEING COMPANY  
Delaware  
  
Respondent

ORDER

WHEREAS, the Office of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State ("Department"), has notified The Boeing Company ("Boeing") of its intention to initiate an administrative proceeding against it pursuant to the Arms Export Control Act (the "Act") (22 U.S.C. § 2778(e)) and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "Regulations"), based on allegations set forth in a proposed charging letter that Boeing violated § 38 of the Act (22 U.S.C. § 2778) and the Regulations, in that during the period January 1994 to January 20, 1998, Boeing repeatedly exported defense articles (specifically, technical data designated in the United States Munitions List 22 C.F.R. § 121.1) and defense services covered by the U.S. Munitions List (22 C.F.R. § 121.1) to Russia, Ukraine, Norway and Germany without the required approvals from the Department and, in other circumstances, repeatedly violated the terms and conditions of approvals that were provided by the Department; and

WHEREAS, the Department and Boeing have entered into a Consent Agreement pursuant to Section 128.11 of the Regulations whereby the Department and Boeing have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED,

FIRST, that Boeing shall pay to the Department a civil penalty of \$7,500,000.00 (seven million five hundred thousand dollars) by cashier's check or certified check made payable to the Department of State. The penalty shall be paid as follows: \$3,500,000.00 (three million five hundred thousand dollars) within 10 days of the signing of this Order, and annual installments of \$800,000.00 (eight hundred thousand dollars) over a five year period, due each year on the anniversary of the signing of the Order.

SECOND, that Boeing is assessed an additional penalty of \$2,500,000.00 (two million five hundred thousand dollars) which shall be suspended. This additional penalty represents an amount Boeing will apply over a three-year period to pay the costs of the compliance measures specified in the Annex to the Consent Agreement. Boeing will provide the Department each year on the anniversary of this Order a written accounting of the expenditures associated with this additional penalty.

THIRD, Boeing shall institute a compliance restructuring which will be completed within 45 days of the signing of this Order and will effect the changes and procedures and provide the assurances described in the Annex to the Consent Agreement in order to ensure comprehensive, continuous control and responsibility by Boeing's Office of General Counsel and Executive Council over the totality of export compliance related to its Sea Launch program and to provide the United States Government with additional means to monitor and verify activities subject to the Regulations.

FOURTH, that the proposed Charging Letter, the Consent Agreement and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.



John D. Holum  
Acting Under Secretary of State  
for Arms Control and  
International Security Affairs  
and Director, U.S. Arms Control  
and Disarmament Agency

Entered this 29th day of September 1998.